

_____ COMMUNITY SCHOOL DISTRICT
COMPLIANCE TESTING

Purpose: To select compliance items to be tested and/or document testing.

Source: Workpapers as referenced.

Scope: Compliance items tested each year are based on risk assessment.

Conclusion: Compliance selections and/or testing is documented per Compliance Guide and workpapers.

	FY07	FY08	FY09
Incharge			
Manager			
Independent Reviewer			

CSD COMPLIANCE GUIDE**Code Compliance Risk Assessment**

	FY07		FY08		FY09	
Compliance Area	Risk Factors **	Risk of Non-Compliance*	Risk Factors **	Risk of Non-Compliance*	Risk Factors **	Risk of Non-Compliance*
Audit Planning						
Cash						
Investments						
Capital Assets						
Current Liabilities						
Long-Term Liabilities/Debt						
Fund Balance/Net Assets						
Receipts/Revenue						
Disbursements						
Payroll						
Transfers						
Budgets						
Insurance and Self-Insurance						
Miscellaneous						

**Compliance Risk Factors: (Include the applicable risk factor number above.)			
1.	Relatively simple compliance issues.	10.	New or amended compliance requirement.
2.	Personnel responsible for compliance are competent and experienced.	11.	New or poorly trained personnel.
3.	No comments regarding non-compliance noted in the prior year.	12.	Complexity of compliance issues likely to result in non-compliance.
4.		13.	Report comment regarding non-compliance noted in the prior year.
5.		14.	Non-report comment regarding non-compliance noted in the prior year.
6.		15.	
7.		16.	
8.		17.	

*Risk of Non-Compliance:	
H	High
M	Moderate
L	Low

CSD COMPLIANCE GUIDE

This compliance guide was developed to implement a risk-based approach to testing compliance requirements. In implementing a risk-based approach, compliance requirements will be selected to test based on the compliance risk assessment. To document the auditor's consideration of risk, a code compliance risk assessment form has been included in this guide.

Each compliance requirement in this guide has been placed into one of four categories. The categories are based on significance of the compliance requirements. The table below provides a description of each category.

Category	Description
Items which must be tested – required comments or public expectation of oversight.	
1	Test and document annually. (required statutory report comments)
2	Test on a rotating basis, at least every three years, based on risk assessment. Workpaper documentation required.
Inquiry with limited observation and documentation:	
3	Inquire about compliance only if considered necessary based on risk assessment. Document the entity's response to inquiry and observation in remarks column. (If auditor becomes aware of non-compliance it should be addressed).
Addendum:	
4	Items which are not considered to be significant – test if considered necessary based on risk assessment and specific audit situation (if auditor becomes aware of non-compliance in one of these areas it should be addressed). If procedures are performed, include workpaper documentation as necessary.

Procedures

- 1) Review prior year comments and enter "06" in the "Non-Compliance Noted/FY" column for each compliance requirement that had a comment.
- 2) Based on the risk of non-compliance set for each compliance area, indicate which procedures will be performed during the current year's audit with a tick mark in the "Selected" column. Keep in mind that your audit approach to compliance may need to be revised based on information obtained during the course of your audit. If you are aware a compliance requirement does not apply, indicate "N/A" in the "Selected" column.
- 3) Perform compliance procedures as selected.
- 4) Enter "07" in the "Non-Compliance Noted/FY" column for each compliance requirement that had a comment.
- 5) Guide should be filed in the Permanent File for multiple year use.

2007 Revisions

- 1) Current year new or revised procedures have been noted as **(07)**.
- 2) The following procedures were deleted from the prior year guide:
No procedures have been deleted.
- 3) In addition to this updated CSD Compliance Guide, we have made available a 2007 School Compliance Guide Supplement which details changes made to the prior year CSD Compliance Guide. The supplement may be used to update the prior year compliance guide in lieu of completing a new guide each year.

CSD COMPLIANCE GUIDE

		Non-compliance Noted / FY	FY07				FY08				FY09			
	Cate-gory		Sele-cted	Done By	WP Ref	Remarks	Sele-cted	Done By	WP Ref	Remarks	Sele-cted	Done By	WP Ref	Remarks
AUDIT PLANNING:														
			<u>Risk:</u> H M L				<u>Risk:</u> H M L				<u>Risk:</u> H M L			
1. Board Minutes														
a. Determine, on a test basis, if meetings were preceded by proper notice. (Chapter 21.4 of the Code of Iowa).	2													
b. Determine the minutes show information sufficient to indicate the vote of each member present as required by Chapter 21.3 of the Code of Iowa.	2													
c. Determine if minutes document the Board followed proper proceedings for any closed sessions. (Chapter 21.5 of the Code of Iowa).														
1) The session was closed by affirmative roll call vote of at least two-thirds of the members.	2													
2) The specific exemption under Chapter 21.5 of the Code was identified and documented.	2													
3) Final action was taken in open session.	2													
d. Determine, on a test basis, if minutes were published after each meeting in accordance with Chapter 279.35 and 279.36 of the Code of Iowa.	2													
e. Determine if the schedule of bills allowed was published at least once a month, including list of claims allowed, name of person or firm making the claim, purpose of the claim and amount of claim.	2													

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	Cate-gory		Sele-cted	Done By	WP Ref	Remarks	Sele-cted	Done By	WP Ref	Remarks	Sele-cted	Done By	WP Ref	Remarks
AUDIT PLANNING (continued):														
2. 28E Organizations:														
a. Determine if the District was a member of a Chapter 28E organization with gross receipts in excess of \$100,000 in a fiscal year.														
b. If so, determine if arrangements have been made for an audit of the 28E organization in accordance with Chapter 11.6 of the Code of Iowa.														

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CASH:			Risk:	H M L			Risk:	H M L			Risk:	H M L		
1. Determine that unclaimed property per Chapter 556.1(10) of the Code of Iowa has been reported to the State Treasurer annually before November 1 st per Chapter 556.11 of the Code of Iowa.	3													
2. Determine a depository resolution including all depositories used by the District has been approved as required by Chapter 12C.2 of the Code of Iowa.	1													
3. Determine the allowability of any sweep accounts.	3													
4. Determine if uninsured public funds deposited in a credit union were secured by a letter of credit in an amount at least 110% of the uninsured amount.	2													
5. Stamped warrants.														
a. Determine that debt instruments issued comply with provisions of Chapter 74 of the Code of Iowa.	3													
b. Determine that interest rates paid on stamped warrants are within legally allowable limits as established by the State Rate Setting Committee in accordance with Chapter 74A of the Code of Iowa.	3													

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		Non-compliance Noted/FY	FY07				FY08				FY09			
	Category		Selected	Done By	WP Ref	Remarks	Selected	Done By	WP Ref	Remarks	Selected	Done By	WP Ref	Remarks
INVESTMENTS:			<u>Risk:</u> H M L				<u>Risk:</u> H M L				<u>Risk:</u> H M L			
1. Determine if the District has adopted a written investment policy that complies with the provisions of Chapter 12B.10B of the Code of Iowa.	1													
2. Determine if changes to the investment policy comply with the provisions of Chapter 12B.10B of the Code of Iowa and have been approved by the Board.	1													
3. Determine that investment transactions complied with the written investment policy.	1													
4. Determine that all investments are authorized and comply with statutory provisions of Chapter 12B.10 of the Code of Iowa, as applicable.	1													
5. If applicable, determine if the District has an appropriate public funds custodial agreement as prescribed in Chapter 12B.10C of the Code of Iowa and the Treasurer of State’s administrative rules.	3													
6. Determine that the underlying collateral of repurchase agreements consists of authorized investments and that the District has taken delivery of the collateral either directly or through an authorized custodian as provided in Chapter 12B.10 (5)(e).	3													

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		Non-compliance Noted / FY	FY07				FY08				FY09			
	Category		Selected	Done By	WP Ref	Remarks	Selected	Done By	WP Ref	Remarks	Selected	Done By	WP Ref	Remarks
INVESTMENTS (continued):														
7. Related Income:														
a. Determine that investment income was received and recorded in the proper fund. Specifically:														
1) In accordance with Chapter 12C.9(2) of the Code of Iowa, interest earned on the proceeds of notes, bonds, refunding bonds and other evidence of indebtedness and funds being accumulated for the payment of principal and interest or reserves (debt service) is:														
a) Used to pay the principal or interest as it comes due on the indebtedness, (credited to Debt Service Fund). 3														
b) Credited to the Capital Project Fund for which the indebtedness was issued. 3														
b. Test interest rates to determine whether rates are in accordance with statutory rates established by the State Rate Setting Committee. 1														
8. Identify the outside persons who invested public funds, provided advice on the investing of public funds, directed the deposit or investment of public funds, or acted in a fiduciary capacity for the District.														
a. Determine that contracts or agreements with outside persons require the outside person to notify the District in writing of the existence of material weaknesses in internal control or regulatory orders or sanctions regarding the type of services being provided under the contracts or agreements. 1														

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	Category		Selected	Done By	WP Ref	Remarks	Selected	Done By	WP Ref	Remarks	Selected	Done By	WP Ref	Remarks
INVESTMENTS (continued):														
b. Obtain and review the following:														
1) The most recent audited financial statements and related report on internal control of outside persons involved in investing activities for the District.														
2) The most recent annual report to shareholders, call reports or the findings pursuant to a regular examination under state or federal law of a bank, savings and loan or credit union.														
3) The most recent annual report to shareholders of an open-end management investment company, unincorporated investment company or investment trust registered with the SEC.														

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	Cate-gory		Sele-cted	Done By	WP Ref	Remarks	Sele-cted	Done By	WP Ref	Remarks	Sele-cted	Done By	WP Ref	Remarks
CAPITAL ASSETS:			<u>Risk:</u> H M L				<u>Risk:</u> H M L				<u>Risk:</u> H M L			
1. For all capital assets (whether records are maintained or not):														
a. Determine compliance with the provisions of Chapter 297.22 of the Code of Iowa relating to the disposition of real property.		3												
b. Determine whether the provisions of Chapter 297.22 of the Code of Iowa relating to the disposition of property with a value of \$5,000 or less, other than real property, were complied with.		3												

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	Cate-gory		Sele-cted	Done By	WP Ref	Remarks	Sele-cted	Done By	WP Ref	Remarks	Sele-cted	Done By	WP Ref	Remarks
CURRENT LIABILITIES:			<u>Risk:</u> H M L				<u>Risk:</u> H M L				<u>Risk:</u> H M L			
1. Anticipatory Warrants:														
a. Review authorization for issuance of these obligations.		3												
b. Determine that debt instruments issued comply with provisions of Chapter 74 of the Code of Iowa.		3												

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		Non-compliance Noted / FY	FY07				FY08				FY09			
	Cate-gory		Sele-cted	Done By	WP Ref	Remarks	Sele-cted	Done By	WP Ref	Remarks	Sele-cted	Done By	WP Ref	Remarks
LONG-TERM LIABILITIES/DEBT:			<u>Risk:</u> H M L				<u>Risk:</u> H M L				<u>Risk:</u> H M L			
1. General Obligation Bonds/Notes:														
a. For local option sales and services tax revenue bonds, determine the District has complied with the following requirements, as applicable.														
1) (07) Established a bond sinking account and made the required transfers. (The Department of Education recommends establishing a restricted asset in the Debt Service Fund with an account code of 40-717).		2												
2) (07) Established a bond reserve account and made the required transfers and/or initial deposit of bond proceeds for debt service, if applicable. (The Department of Education recommends establishing a restricted asset in the LOSST Fund with an account code of 33-716).		2												
3) Established other required accounts, if any.		2												
4) Document and include any non-compliance in the notes to the financial statements and audit report comment.		2												
b. Determine and document that procedures for bonds or notes sold during the current year were in compliance with Chapters 75 and 296 of the Code of Iowa.		2												
c. Determine and document that interest rates on the bonds sold during the period are within the interest rates authorized by Chapter 74A of the Code of Iowa.		2												

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		Non-compliance Noted / FY	FY07				FY08				FY09			
	Category		Selected	Done By	WP Ref	Remarks	Selected	Done By	WP Ref	Remarks	Selected	Done By	WP Ref	Remarks
LONG-TERM LIABILITIES/DEBT (continued):														
d. If bonds or notes are callable, determine if debt service balances are adequate to provide for early retirement of bonds, and if so, determine disposition.														
e. Determine and document that bond or note proceeds are being used in accordance with bond provisions.														
f. Determine that indebtedness of the District was within the Constitutional limits of 5% on the value of taxable property within the District in accordance with Chapter 296.1 of the Code of Iowa.														
g. If a material event has occurred, determine that the District has complied with the reporting requirements in accordance with SEC Rule No. 240.15c2-12 (Exempt are bond offering of less than \$1,000,000 and Districts whose outstanding debt is less than \$10,000,000).														
2. Capital Leases and Installment Purchases:														
a. Determine if capital leases are in accordance with statutory provisions:														
1) Buses (Chapter 285.10 of the Code of Iowa).														
2) PPEL (Chapter 298.3 of the Code of Iowa, including the allowable purchase of a single unit of equipment or technology greater than \$500 or the purchase of buildings or lease-purchase option agreements for school buildings).														
3) Facilities (Chapter 278.1(9) of the Code of Iowa).														

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	Cate-gory		Sele-cted	Done By	WP Ref	Remarks	Sele-cted	Done By	WP Ref	Remarks	Sele-cted	Done By	WP Ref	Remarks
LONG-TERM LIABILITIES/DEBT (continued):														
3. Determine that loan agreements entered into to purchase equipment comply with Chapter 279.48 of the Code of Iowa.														
a. The issuance of a note payable must mature within five years or the useful life of the equipment, whichever is less.														
b. Before entering into the loan agreement, a notice containing the dollar amount and purpose of the agreement must be published at least once in a newspaper of general circulation within the District at least 10 days before the meeting when the loan agreement is to be approved														
c. The total annual payments of principal and interest due on all loan agreements authorized by Chapter 279.48 and 285.10(7) must not exceed ten percent of the last authorized budget (for the General Operating Fund) of the District.														
4. Determine that debt issued to make immediately available proceeds of the voter-approved PPEL levy complies with Chapter 297.36 of the Code of Iowa:														
a. The loan matures within the period of time authorized by the voters.														
b. The loan bears an interest rate that does not exceed the limits under Chapter 74A of the Code of Iowa														
c. The loan amount does not exceed the property tax portion of the voter-approved PPEL.														

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	Category		Selected	Done By	WP Ref	Remarks	Selected	Done By	WP Ref	Remarks	Selected	Done By	WP Ref	Remarks
LONG-TERM LIABILITIES/DEBT (continued):														
d. The proceeds of the loan are used for purposes authorized for the voter-approved PPEL levy.														
5. Early Retirement:														
a. Review the District’s policy on early retirement.														
b. Determine if the District’s policy complies with Chapter 279.46 of the Code of Iowa.														

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	Category		Selected	Done By	WP Ref	Remarks	Selected	Done By	WP Ref	Remarks	Selected	Done By	WP Ref	Remarks
FUND BALANCE/NET ASSETS: 1. Review the District's Special Revenue Fund, student activity accounts, for proper classification. For those that are not co-curricular in nature, if any, recommend closing the account to the appropriate fund.	3		<u>Risk:</u> H M L				<u>Risk:</u> H M L				<u>Risk:</u> H M L			

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	Cate-gory		Sele-cted	Done By	WP Ref	Remarks	Sele-cted	Done By	WP Ref	Remarks	Sele-cted	Done By	WP Ref	Remarks
RECEIPTS/REVENUE:			<u>Risk:</u> H M L				<u>Risk:</u> H M L				<u>Risk:</u> H M L			
	1. Determine that proceeds from the sale or disposition of real property (land and buildings) have been recorded in the Special Revenue Fund, PPEL account in accordance with Chapter 297.22 of the Code of Iowa.	3												
	2. Determine that proceeds from sale or disposition of property, other than real property and proceeds from the lease of real or other property have been recorded in the General Fund in accordance with Chapter 297.22 of the Code of Iowa.	3												
	3. Determine that revenue from the rental of school rooms and grounds has been recorded in the General Fund in accordance with Chapters 297.9 and 297.10.	3												

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	Cate-gory		Sele-cted	Done By	WP Ref	Remarks	Sele-cted	Done By	WP Ref	Remarks	Sele-cted	Done By	WP Ref	Remarks
DISBURSEMENTS:			<u>Risk:</u>	H M L			<u>Risk:</u>	H M L			<u>Risk:</u>	H M L		
1. For travel and questionable disbursements:														
a. Scan account detail for travel expenses and disbursements which may not meet public purpose criteria.	1													
b. Prepare workpapers as necessary to adequately document for report presentation.	1													
2. For related party transactions:														
a. Schedule all related party transactions (with District officials or employees) for comment. The workpaper should list all payments made during the period. For reporting purposes, include all payments applicable for the period when the individual was an employee or official of the District. Determine compliance with Chapter 279.7A of the Code of Iowa. Disclose material transactions in the notes to the financial statements.	1													
b. Determine and document compliance with the provisions of Chapter 301.28 of the Code of Iowa and AGO dated November 9, 1976 regarding officers and teachers not acting as an agent for books and supplies.	1													
3. Obtain copy of District's policy regarding payment of claims prior to Board approval. Determine if procedures are followed as prescribed and are in compliance with Chapters 279.29 and 279.30 of the Code of Iowa.	2													

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		Non-compliance Noted/FY	FY07				FY08				FY09			
	Category		Selected	Done By	WP Ref	Remarks	Selected	Done By	WP Ref	Remarks	Selected	Done By	WP Ref	Remarks
DISBURSEMENTS (continued):														
4. Determine and document:														
a. If the District has District-issued credit cards, that the Board has adopted written guidelines for use of District-issued credit cards to pay for actual and necessary expenses incurred in the performance of work related duties in accordance with Chapter 279.8 of the Code of Iowa.														
b. Textbooks were purchased and paid for in accordance with Chapters 301.1 and 301.4 of the Code of Iowa.														
c. Disbursements for extra-curricular activities were in accordance with Attorney General opinion’s dated November 12, 1992.														
d. Determine if the District receives funds under the Home School Assistance Program for students that receive competent private instruction or CPI (children who are home schooled).														
e. Determine that only “appropriate” materials are purchased for CPI children. Direct payments of public funds should not be made to parents of CPI children.														
5. If canceled checks are not received are electronically retained check images (both front and back) per Chapter 554D.1114(5) of the Code of Iowa received?														

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		Non-compliance Noted / FY	FY07				FY08				FY09			
	Category		Selected	Done By	WP Ref	Remarks	Selected	Done By	WP Ref	Remarks	Selected	Done By	WP Ref	Remarks
DISBURSEMENTS (continued):														
6. (07) For construction contracts (for Code requirements applicable prior to 1-1-07, refer to the 2006 Compliance Guide):														
a. (07) For public improvements with estimated total cost exceeding the competitive bid threshold established by Chapter 26.3 (\$100,000 effective 1-1-07), determine that public hearing and bidding requirements of Chapters 26.2 through 26.13 of the Code were followed:														
1) (07) Determine the District advertised for sealed bids as provided in Chapter 26.3 of the Code of Iowa and published notice more than 20 days but not more than 45 days before the date for filing bids.														
2) (07) Determine the District published notice of the public hearing not less than 4 nor more than 20 days before the date of the hearing as provided in Chapters 26.12 and 362.3 of the Code of Iowa.														
3) (07) Determine the District had an engineer licensed under Chapter 542B or an architect registered under Chapter 544A prepare the plans and specifications and calculate the estimated total cost of the proposed public improvement as required by Chapter 26.3 of the Code of Iowa.														

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		Non-compliance Noted/FY	FY07				FY08				FY09			
	Category		Selected	Done By	WP Ref	Remarks	Selected	Done By	WP Ref	Remarks	Selected	Done By	WP Ref	Remarks
DISBURSEMENTS (continued):														
4) (07) Determine the District awarded the contract for the public improvement to the lowest responsive, responsible bidder as required by Chapter 26.9 of the Code of Iowa.	2													
b. (07) Determine the District received competitive quotes for public improvement projects in accordance with Chapters 26.14 of the Code of Iowa for the projects with estimated costs less than required bid thresholds but greater than the threshold amount established by the bid threshold committee per Chapter 314.1B of the Code of Iowa. (For a District with population of less than 50,000, \$40,000 effective 1-1-07 and for a District with population of 50,000 or more, \$57,000 effective 1-1-07)	2													
1) (07) For work performed by District employees, other than repair or maintenance work, determine the District filed a quotation for the work to be performed in the same manner as a contractor as required by Chapter 26.14(3)(a) of the Code of Iowa.	2													
2) (07) Determine the District awarded the contract for the public improvement to the contractor submitting the lowest responsive, responsible quotation as required by Chapter 26.14(3)(b) of the Code of Iowa.	2													

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	Category		Selected	Done By	WP Ref	Remarks	Selected	Done By	WP Ref	Remarks	Selected	Done By	WP Ref	Remarks
DISBURSEMENTS (continued):														
c.	(07) Determine that any enhancement payments made for early completion of the project did not exceed 10 percent of the value of the contract in accordance with Chapter 26.9 of the Code of Iowa.	3												
d.	(07) Determine that the District applied for and received sales tax refunds on completed projects, unless an exemption certificate was issued by the District for the contractor per Chapter 423.3(80)(b) of the Code of Iowa.	3												
e.	(07) For public improvement projects, determine the District complied with requirements for the early release of retained funds in accordance with Chapter 26.13 of the Code of Iowa.	3												
7.	(07) Mileage was paid at a rate approved by the Board and not in excess of amount allowable under Federal Internal Revenue Service rules as provided by Chapter 70A.9 of the Code of Iowa.	3												

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PAYROLL:			Risk:	H M L			Risk:	H M L			Risk:	H M L		
1. Determine that salaries have been published as required for all employees, including School Nutrition Fund employees in accordance with Chapter 279.35 of the Code of Iowa. Obtain a copy of the publication and test selected items for accuracy.	3													
2. Determine if Forms 941, W-3, or W-2 were filed with the IRS as appropriate.	3													
3. Determine if the District properly prepared Form 1099 for outside services of \$600 or more and determine that workers were properly classified as independent contractors rather than employees.	3													
4. Determine the District's policy pertaining to payment of employees for extra curricular activities:														
a. If employees are compensated for services relating to extra curricular activities, determine and document the method of payment.	3													
b. Determine if the method of payment allows for compliance with Chapter 422.16 of the Code of Iowa pertaining to the withholding of income tax.	3													
5. Determine if any employees receive a flat dollar allowance for travel or uniform cleaning. If so, determine if this allowance is included in taxable income on the W-2.	3													
6. Determine if the district provides vehicles for employee use.	3													

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TRANSFERS:			<u>Risk:</u> H M L				<u>Risk:</u> H M L				<u>Risk:</u> H M L			
1. Trace to approval in minutes or budget as applicable.	2													
2. Review transfers for propriety and document findings. Include contributions and reimbursements, from the General Fund to the Student Activity Fund and review for propriety.	2													

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	Category		Selected	Done By	WP Ref	Remarks	Selected	Done By	WP Ref	Remarks	Selected	Done By	WP Ref	Remarks
BUDGETS:			<u>Risk:</u>	H M L			<u>Risk:</u>	H M L			<u>Risk:</u>	H M L		
1. Examine proof of publication for published certified budget and reconcile to adopted certified budget:														
a. Determine that the tax levy adopted was not in excess of the estimate published in accordance with Chapters 24.14 and 24.15 of the Code of Iowa.	1													
b. Determine that the budgeted amount of expenditures adopted are not higher than the estimated budget amounts published for any of the four expenditure functions (legal level of budgetary control) or in total per Chapter 24.14 of the Code of Iowa.	1													
2. Determine that hearings were held and publications were made in accordance with Chapter 24.9 of the Code of Iowa.	3													
3. Determine if amendments were adopted before disbursements exceeded the budget.	1													
4. If amendment was adopted, determine if it was adopted by May 31 as required by Chapter 24.9 of the Code of Iowa.	3													
a. If not, determine if amendment was protested.	3													
b. If protested, determine if Appeal Board decision was reached before June 30.	3													

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	Category		Selected	Done By	WP Ref	Remarks	Selected	Done By	WP Ref	Remarks	Selected	Done By	WP Ref	Remarks
BUDGETS (continued):														
5. Determine whether the District exceeded their authorized budget (spending authority). (Chapter 257.7 of the Code of Iowa)														
a. Obtain a copy of the Department of Management’s calculation of spending authority.														
b. Recalculate authorized budget (spending authority) using applicable audited amounts														
c. If the authorized budget (spending authority) is less than the certified budget, prepare a working paper to determine if disbursements in the General Fund exceeded the authorized budget.														

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	Cate-gory		Sele-cted	Done By	WP Ref	Remarks	Sele-cted	Done By	WP Ref	Remarks	Sele-cted	Done By	WP Ref	Remarks
INSURANCE AND SELF-INSURANCE:			<u>Risk:</u> H M L				<u>Risk:</u> H M L				<u>Risk:</u> H M L			
1. Verify and review surety bond coverage for adequacy and reasonableness and compliance with statutory requirements for all officials and employees in accordance with Chapters 279.8 and 291.2 of the Code of Iowa.	1													
2. If the District has a self-funded health insurance plan, including self-funded deductibles, determine if the actuarial report required by Chapter 509A.15 of the Code of Iowa was completed.	1													

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		Non-compliance Noted/FY	FY07				FY08				FY09			
	Cate-gory		Sele-cted	Done By	WP Ref	Remarks	Sele-cted	Done By	WP Ref	Remarks	Sele-cted	Done By	WP Ref	Remarks
MISCELLANEOUS:			<u>Risk:</u>	H M L			<u>Risk:</u>	H M L			<u>Risk:</u>	H M L		
1. Iowa Early Intervention Block Grant Program:														
a. Determine that moneys received under Section 256D of the Code of Iowa are not commingled with state aid payments per Chapter 257.16 of the Code of Iowa.	3													
b. Determine that moneys received are credited to the general fund per Chapter 257 of the Code of Iowa.	3													
c. Determine that moneys received are spent in accordance with Section 256D.2 of the Code of Iowa.	3													
2. Student Achievement and Teacher Quality Program:														
a. Determine that moneys received under Section 284 of the Code of Iowa are not commingled with state aid payments per Chapter 257.16 of the Code of Iowa. (Funding of revenues and expenditures was kept separate by using a specific project code as provided by DE).	3													
b. Determine that moneys received are credited to the general fund per Chapter 257 of the Code of Iowa.	3													
c. Determine that moneys received are spent in accordance with Chapters 284.1, 284.7, and 284.13(1)(f) of the Code of Iowa.	3													

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MISCELLANEOUS (continued):														
3. Certified Enrollment:														
a. (07) Obtain documentation from the Department of Education of the amount certified as basic enrollment for the District for October 1, (or the first Monday in October if October 1 falls on a Saturday or Sunday) included in the audit year.														
b. Examine documentation maintained by the district of the numbers certified as basic enrollment.														
1) Resident public students – line 1.														
a) Determine that the number reported agrees to the number of students reported on Form 1.														
b) On a test basis, determine that the number reported on line 1 does not include any students required to be reported on any other row. For example, open enrollment students (rows 2 or 8), tuitioned students (rows 3, 6, 9 or 10), or part-time, shared-time students (rows 4 or 5). Also determine that no home school assistance program student or dual enrolled student is also counted as a 1.0 student (rows 1, 2, 3, 8 or 9).														

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MISCELLANEOUS (continued):														
c) Through inquiry, determine that the number reported does not include any out-of-state students who are living in the district only for the purposes of attending school or foreign exchange students. (Guardianship does not determine residency and does not meet the definition of residency).	2													
d) Determine that:														
1. (07) Regular education foster care students have been included if the student was not a resident of the District prior to entering foster care and was enrolled in the district on October 1.	2													
2. Special education foster care students have not been included.	2													
2) Open Enrollment (out) – line 2:														
a) (07) Determine that payments made to other districts support the number of students reported on Form 2. (Review open enrollment approvals also since tuition may not be required due to timeliness of approval. If the student was counted on October 1, tuition would be due.	2													
3) Tuitioned out resident public students for which the District is paying tuition (other than open enrolled out) – line 3.														
a) Determine that tuition paid to other districts supports the number of students reported.	2													

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MISCELLANEOUS (continued):														
4) Shared-time accredited non-public students (resident and nonresident) – line 4. (Note: The count should be determined from the actual first semester enrollments and second semester pre-registrations not from estimates.)														
a) Examine District documentation for the number reported as enrolled in a particular shared subject on Forms 4a and 4b.														
b) Determine that all district-offered services and classes included on line 4 are provided at the public school and not at the nonpublic school.														
c) Determine that tuition paid to a postsecondary school supports the number reported as enrolled at a particular postsecondary school on Form 4b.														
5) Part-time public students – line 5:														
a) If the Iowa School for the Deaf or Iowa Braille and Sight Saving School is located within the District and students residing in the state institution are enrolled in regular education classes at the District, determine the District appropriately included students on Form 5.														

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MISCELLANEOUS (continued):														
6) High School students enrolled in a community college for whom the district pays tuition – line 6.														
a) Determine that tuition paid to a community college supports the number reported for students enrolled in a community college.														
b) Determine that this is an FTE and not a headcount.														
c. Examine documentation maintained by the District of the numbers certified as supplementary weighting on line 12. (See Iowa Administrative Code Chapter 281-97.)														
1) Through inquiry, determine the students reported do not include special education students, students covered under the post-secondary enrollment option (Chapter 261C of the Code of Iowa), open enrollment students (in or out), whole grade sharing students (in or out), students who are not residents of the district, nonpublic students, or students in at-risk programs, GED programs, or alternative schools, or courses taught via ICN, or students participating in a home school assistance program or dual enrollment, or students participating in shared services, or students enrolled in summer school programs or any student who was eligible to receive a diploma with the class in which that student was enrolled and has had graduation and the student continued enrollment in the district.														

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MISCELLANEOUS (continued):														
2) Through inquiry, determine that students claimed are sent to another school district or to a community college to attend classes part-time, or a teacher employed by another district teaches the classes. (Community college courses must be for college credit or for dual college/high school credit and may be provided at the district site. The District that employs the teacher for the district-offered classes can not receive supplementary weighting. The district that hosts and provides the program can not receive supplementary weighting, except in a bona fide regional academy.)														
3) Determine that the tuition paid to another District or to the Community College supports the number of students reported.														
d. Report any variances noted for lines 7 through 13 to the Department of Management (DOM) and send copy of the letter to the Department of Education (DE). E-mail notification is preferred at Lisa.Oakley@iowa.gov (DOM) and Su.McCurdy@iowa.gov (DE). (For basic enrollment variances, it is the variance at line 7 that is reported to DOM and DE rather than the individual lines 1 through 6.) For line 12 (supplementary weighting) variances, include a copy of the amended form 12 with the letter to the DE. For lines 8 and 9, indicate the resident district with the amount of variance. Comment accordingly.														

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MISCELLANEOUS (continued):														
4. Certified Annual Report (CAR) (chart of account upload and web based forms) - determine that the Certified Annual Report was completed and filed (Due date is September 15).														
a. Foster Care Students:														
1) Obtain a copy of the District's Foster Care Facilities Form:														
a) Compare the number of regular education nonresident students on the form to the total number reported on the claim on the CAR.														
b) (07) Compare the number of regular education nonresident students on the form that were enrolled on October 1, (or the first Monday in October if October 1 falls on a Saturday or Sunday), with the number reported on the claim on the CAR as having been counted on the certified enrollment.														
c) Determine that the claim does not include any special education students or any resident students.														
d) Select students on the Foster Care Facilities Form for tracing to the District's documentation supporting the number of Foster Care Students reported as enrolled within the District.														
e) Determine that aggregate days include only regular session and does not include summer session.														

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MISCELLANEOUS (continued):														
f) Compare the “aggregate days enrolled” per the Foster Care Facilities Form to the “aggregate days present and absent” on the CAR for reasonableness.	3													
g) If the total number of “aggregate days present and absent” on the CAR exceeds the number of days calculated from the “aggregate days enrolled” on the Foster Care Facilities Form, this should be reported to the Department of Education.	3													
5. Local Option Sales and Service Tax (LOSST):														
a. Determine the LOSST election was held in accordance with Chapter 423E.2 of the Code of Iowa.	3													
b. Determine LOSST revenues are recorded in a separate Capital Projects Fund in accordance with DE guidance.	3													
c. Determine LOSST expenditures are in accordance with the revenue purpose statement and Chapter 423E of the Code of Iowa. File a copy of the ballot and revenue purpose statement in the permanent file.	2													
d. Determine that bonds issued to make immediately available the LOSST revenues were issued in accordance with Chapter 423E.5 of the Code of Iowa.	3													

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MISCELLANEOUS (continued):														
e. For a district with certified enrollment fewer than 250 pupils in the entire District or fewer than 100 pupils in high school, determine the District received a certificate of need from the Department of Education prior to expending the supplemental school infrastructure amount for new construction or for payments for bonds issued for new construction on or after April 1, 2003 in accordance with Chapter 423E.4(6) of the Code of Iowa.	3													
6. Nonprofit School Organizations established under Chapter 279.62 (HF882):														
a. Determine the Board adopted a resolution and held a public hearing prior to establishing a nonprofit school entity or organization..	2													
b. Determine the records of the nonprofit school entity or organization complied with the open records law of Chapter 22 of the Code of Iowa.	2													
c. Determine the District has been reimbursed for any expenditures made on behalf of the nonprofit school entity or organization.	2													

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ADDENDUM:														
CASH														
1. Determine that the District has insured that all public funds deposits with banks have met the requirements of Chapter 12C.22 of the Code of Iowa (Pledging of Public Funds Program).	4													
2. Determine the propriety of any cash pledged as collateral or otherwise restricted.	4													
3. Stamped warrants - determine if interest paid was computed in accordance with Chapter 74.6 of the Code of Iowa	4													

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ADDENDUM:														
INVESTMENTS:														
1. Interest earned on investments was credited to the General Fund as required by Chapter 12C.7, except as otherwise provided by law.														

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ADDENDUM:														
FUND BALANCE/NET ASSETS:														
1. Determine the school district is following the GAAP fund structure in accordance with Chapter 298A of the Code of Iowa.														

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ADDENDUM:														
RECEIPTS/REVENUE:														
1. Sale of Bonds/Notes:														
a. Determine if premiums or discounts and accrued interest from sale of bonds/notes are in accordance with Chapter 75.5 of the Code of Iowa.														
b. Determine that proceeds of notes, bonds, refunding bonds and other evidences of indebtedness, if not immediately needed, were invested in accordance with Chapter 12C.9(2) of the Code of Iowa.														

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ADDENDUM:														
PAYROLL:														
7. Vehicle Usage:														
a. Obtain copy of District’s policy regarding vehicles usage. Identify specifics for:														
1) Incidental personal use. 4														
2) Commuting. 4														
3) Assignment of vehicles. 4														
4) Documentation required. 4														
5) Restricted vehicle uses. 4														
6) Reimbursement by employee for personal use. 4														
7) Additional compensation for employees. 4														
8) Public purpose served. 4														
9) Other. 4														
b. Determine if District’s procedures are adequate and reasonable to comply with:														
1) Recordkeeping requirements. 4														
2) Taxation requirements. 4														
3) Public purpose requirements. 4														

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ADDENDUM:														
TRANSFERS:														
3. Determine that funds are transferred to the Debt Service Fund from the appropriate fund in accordance with Chapter 298A.10 of the Code of Iowa for the payment of:														
a. Lease payments payable from PPEL sources in accordance with Chapter 298.3 of the Code of Iowa.														
b. Debt issued to make immediately available proceeds of the voter-approved PPEL levy in accordance with Chapter 297.36 of the Code of Iowa.														
c. Loan agreements payable from General Fund sources entered into in accordance with Chapter 279.48 of the Code of Iowa.														

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ADDENDUM:														
BUDGETS:														
1. Determine if proof of publication exists for each published certified budget amendment														
2. Determine that the budget was certified to the County Auditor by April 15 per Chapter 24.17 of the Code of Iowa.														

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ADDENDUM:														
INSURANCE:														
1. If the District has a self-funded health insurance plan, including self-funded deductibles:														
a. Determine if a copy of the actuarial opinion and annual financial report were filed with the Insurance Commissioner within 90 days of year-end.														
b. If an actuarial report was not obtained because the District qualified under Chapter 509A.15(4) of the Code of Iowa, determine that a waiver was properly requested to the Iowa Insurance Division.														